

HMSA



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EUTF
STATE OF HAWAII
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September 3, 2009

Board of Trustees
Hawaii Employer-Union Health Benefits Trust Fund
PO Box 2121
Honolulu, HI 96805-7390

RE: 80/20 plan effective January 1, 2010

Dear Chair Kahooohanohano:

We understand the decision by the Board at their August 26 meeting to offer a lower cost, lower benefit plan and to have that plan administered by HMSA. Based on the discussions at recent Board meetings, it is obvious that hours of thoughtful discourse occurred to reach your decision. It is also obvious that one of the issues the Board is addressing is participant satisfaction with Board decisions. We would like to offer our insight to the probable impact of your recent medical plan decision to your participants and solutions to mitigate those impacts.

It is clear from the results of the last two open enrollments that the overwhelming majority of your participants are satisfied with HMSA, even at a higher cost than HMA. What is unclear is if the participants actively chose HMSA or were defaulted to their current plan administrator due to inaction. We would hope the former is true, but the reality is the EUTF's approach at each of the last two open enrollments was to leave the participant with coverage provided by their **current administrator** in the event no action was taken by the participant.

If the Board decides to change their approach, i.e., default to the **current benefit**, as was discussed at the Board meeting, rather than the current administrator, we believe you will affect scores of thousands of your participants simply by the fact that many will not take action. This will lead to dissatisfaction based on the fact stated above that the majority of your participants are satisfied with HMSA as their administrator.

To mitigate the potential for participant dissatisfaction, we suggest that both 90/10 and 80/20 plans, administered by HMSA, be offered to your participants.

Our understanding of your current system constraints would make it necessary to replace one of your current offerings with the 80/20 plan administered by HMSA. We suggest replacing the High Deductible Health Plan administered by HMSA. There are currently fewer than 400 participants and dependents that have chosen this plan. By replacing this plan, we believe the Board can still achieve their goal of offering a lower costing plan,

Mr. George Kahooohanohano
Page 2 of 2
September 3, 2009

but allow those who do not take action to remain with their current administrator, thus reducing participant disruption and dissatisfaction.

If the EUTF is concerned about allowing HMSA to administer both plans, we would suggest and would be agreeable to discontinuing the EUTF HMO (HMSA) and replacing it with an 80/20 plan allowing two options to be administered by each administrator. There are currently 3,300 participants and dependents choosing the EUTF HMO (HMSA).

Understanding the Board's goal to lower overall costs, we will make every effort during Open Enrollment to encourage enrollment in the 80/20 plan. However knowing that inaction will not disrupt the participant's relationship with their provider and administrator should give the EUTF peace of mind.

Please contact me at (808) 948-5505 or (808) 352-6907 to discuss this suggestion and how we may assist the EUTF to achieve your goals of providing your participants with access to the providers and cost effective plans they desire.

Sincerely,



Rodney K.S. Tam
Program Manager

CC: Jim Williams, Administrator
Mark Fukuhara, AON